Consolidated Financial Statements and Report of Independent Certified Public Accountants

Intralot, Inc. and Subsidiaries

December 31, 2024 and 2023

Contents

GRANT THORNTON LLP
1100 Peachtree Street, N.E.
Suite 1400
Atlanta, GA 30309

D +1 404 330 2000
F +1 404 475 0107

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Intralot, Inc. and subsidiaries

Opinion

We have audited the consolidated financial statements of Intralot, Inc. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to assess the Company's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise significant doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Atlanta, Georgia
April 17, 2025

Intralot, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Years ended December 31, 2024

	Note	2024	2023
Revenue	14	$ 211,330,970	$ 204,406,545
Cost of sales	17	140,855,638	131,939,450
Gross profit		70,475,332	72,467,095
Selling and distribution expenses	15	(3,969,603)	(4,115,869)
Administrative expenses	15	(43,211,412)	(35,899,625)
Operating income		23,294,317	32,451,601
Other expense			
Finance expenses, net	16	(18,807,524)	(20,247,108)
Foreign currency loss		(99,940)	(320,110)
Total other expenses		(18,907,464)	(20,567,218)
Income before income taxes		4,386,853	11,884,383
Income tax expense	22	(2,640,854)	(2,762,807)
Total profit after tax		$ 1,745,999	$ 9,121,576
Other comprehensive income after tax			
Amounts that may be reclassified to profit:			
Equity investments designated at FVOCI	2	$ (2,252,966)	$ -
Exchange differences on consolidation		(52,493)	32,551
Other comprehensive (loss)/income after tax		(2,305,459)	32,551
Total comprehensive (loss)/income after tax		(559,460)	9,154,127
Total profit (loss) after tax attributable to:			
Equity holders of Intralot, Inc.		2,827,700	10,228,912
Non-controlling interest	23	(1,081,701)	(1,107,336)
		$ 1,745,999	$ 9,121,576
Total comprehensive income (loss) after tax attributable to:			
Equity holders of Intralot, Inc.		522,241	10,261,463
Non-controlling interest		(1,081,701)	(1,107,336)
		$ (559,460)	$ 9,154,127

The financial statements on pages 5 to 8 were approved and authorized for issue by Executive Management on April 17, 2025.

The accompanying notes are an integral part of these consolidated financial statements.

Intralot, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2024

	Note	2024	2023
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets, net	5	$ 47,578,305	$ 58,397,209
Right of use assets, net	13	17,986,081	16,299,318
Intangible assets, net	6	71,921,783	79,885,742
Other long-term assets	7	3,168,760	1,745,745
Total non-current assets		140,654,929	156,328,014
CURRENT ASSETS			
Inventory	8	22,693,675	22,074,151
Accounts receivable, net	3,9	33,188,458	28,437,061
Prepaid expenses and other current assets	10	7,073,034	6,131,638
Cash	3	34,615,085	38,138,089
Total current assets		97,570,252	94,780,939
Total assets		$ 238,225,181	$ 251,108,953
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Loans payable, less current installments	3,12	$ 176,494,169	$ 200,200,775
Lease liabilities, less current installments	3,13	11,768,608	11,055,530
Deferred tax liability	22	5,009,227	5,682,138
Total non-current liabilities		193,272,004	216,938,443
CURRENT LIABILITIES			
Accounts payable and other payables	3,11	20,703,632	18,643,469
Current portion of loans payable	3,12	24,227,459	16,602,791
Current portion of lease liabilities	3,13	5,434,514	3,777,218
Total current liabilities		50,365,605	39,023,478
EQUITY			
Share capital:			
Ordinary Voting Class A	18	68,142,128	68,142,128
Accumulated deficit		(66,333,897)	(69,161,597)
Foreign currency translation		186,536	-
Fair Value Reserves	2	(2,252,966)	239,029
Equity attributable to shareholders of Intralot, Inc.		(258,199)	(780,440)
Non-controlling interest	23	(5,154,229)	(4,072,528)
Total equity		(5,412,428)	(4,852,968)
Total liabilities and equity		$ 238,225,181	$ 251,108,953

The accompanying notes are an integral part of these consolidated financial statements.

Intralot, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2024

	Share Capital Ordinary Voting Class A		Accumulated	Foreign Currency	Fair Value		Non-Controlling	Total
	Shares	Amount	Deficit	Translation	Reserve	Total	Interest	Equity
Balance, December 31, 2022	2,551,380	$ 68,142,128	$ (69,390,509)	$ 206,478	$ -	$ (1,041,903)	$ (2,965,192)	$ (4,007,095)
Distribution to parent	-	-	(10,000,000)	-	-	(10,000,000)	-	(10,000,000)
Other comprehensive income	-	-	-	32,551	-	32,551	-	32,551
Profit after tax	-	-	10,228,912	-	-	10,228,912	(1,107,336)	9,121,576
Balance, December 31, 2023	2,551,380	$ 68,142,128	$ (69,161,597)	$ 239,029	$ -	$ (780,440)	$ (4,072,528)	$ (4,852,968)
Distribution to parent	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	(52,493)	(2,252,966)	(2,305,459)	-	(2,305,459)
Profit after tax	-	-	2,827,700	-	-	2,827,700	(1,081,701)	1,745,999
Balance, December 31. 2024	2,551,380	$ 68,142,128	$ (66,333,897)	$ 186,536	$ (2,252,966)	$ (258,199)	$ (5,154,229)	$ (5,412,428)

The accompanying notes are an integral part of these consolidated financial statements.

Intralot, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2024

	Note	2024	2023
Cash flows from operating activities			
Total profit after tax for the year		$ 1,745,999	$ 9,121,576
Adjustments to reconcile profit after tax to net cash flows:			
Bad debt expense recovery	9	702,452	(122,039)
Depreciation and amortization	5,6,13	44,040,920	40,613,721
Interest expenses, net	16	18,807,524	20,247,108
Income tax expense	22	2,640,854	2,762,807
Changes in operating assets and liabilities:			
Inventory	8	(619,524)	(2,653,120)
Accounts receivable	9	(5,986,774)	5,366,080
Prepaid expenses and other current assets	10	(941,396)	(1,667,007)
Other long-term assets	7	(1,423,015)	386,362
Accounts payable and other payables	11	1,777,671	5,284,080
Income tax paid		(1,631,947)	(1,166,523)
Net cash provided by operating activities		59,112,764	78,173,045
Cash flows from investing activities			
Purchases of tangible fixed assets	5	(9,639,432)	(6,166,454)
Purchases of intangible assets	6	(9,742,698)	(10,272,667)
Equity investments	2	(3,000,000)	-
Interest received		819,600	648,003
Net cash used in investing activities		(21,562,530)	(15,791,118)
Cash flows from financing activities			
Interest expenses paid		(18,512,074)	(19,375,307)
Loan issuance fees		(859,921)	-
Distributions to parent		-	(10,000,000)
Payment of lease liabilities		(5,192,316)	(4,400,752)
Principal payments on loans payable		(16,508,927)	(17,441,434)
Net cash used in financing activities		(41,073,238)	(51,217,493)
NET INCREASE (DECREASE) IN CASH		(3,523,004)	11,164,434
Cash, beginning of year		38,138,089	26,973,655
Cash, end of year		$ 34,615,085	$ 38,138,089
Supplemental disclosures of non-cash investing and financing activity			
Non-cash additions to operating lease ROU assets		$ 7,562,690	5,774,485

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - NEW STANDARDS AND INTERPRETATIONS

New Standards, Interpretations and Amendments

There have been no new accounting standards or interpretations published during the year ended December 31, 2024 that were mandatory for accounting periods beginning on January 1, 2024.

NOTE 2 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Principles of Consolidation

The consolidated financial statements of Intralot, Inc. and subsidiaries (collectively, “the Company” or “Intralot”) as of and for the years ended December 31, 2024 and 2023 include the accounts of Intralot, Inc., and its subsidiaries, DC09, LLC (“DC09”) and Intralot Tech, S.A. (“ITS”). All intercompany balances and transactions have been eliminated in consolidation.

Description of Business

Intralot, Inc. was incorporated in December 2001 under the laws of the state of Georgia, United States of America and is a majority-owned subsidiary of Intralot, S.A. ("ISA" or the “Parent”), a Greek company. The principal office of the Company is located in Duluth, Georgia. The Company installs online lottery terminals and provides gaming systems to the lottery industry in the United States of America (“US”), Canada and the Philippines. The Company maintains locations in Georgia, Montana, Idaho, New Mexico, Illinois, Ohio, Arkansas, Louisiana, New Hampshire, Wyoming, and the District of Columbia.

Intralot, Inc. owns 49% of the equity interest of DC09, which is a limited liability company incorporated in January 2010 to manage the District of Columbia’s lottery. The Company has determined that it controls DC09 as it has the practical ability to direct the major activities and operations of DC09 in order to generate returns for Intralot through a two-thirds majority voting interest. Accordingly, Intralot accounts for DC09 as a subsidiary, consolidating its financial results for the reporting period.

Intralot, Inc. owns 100% of the equity interest of ITS which was incorporated in Athens, Greece in October of 2019. Accordingly, Intralot accounts for ITS as a subsidiary, consolidating its financial results for the reporting period.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, as issued by the International Accounting Standards Board (IASB). The accounting policies have been consistently applied to all the years presented.

The consolidated financial statements are presented in US Dollars, which is also the Company’s functional currency.

The consolidated statements of profit or loss and other comprehensive income are presented with expenses analyzed by function.

Amounts are rounded to the nearest dollar, unless otherwise stated.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except where otherwise stated.

Reclassifications

During the year ended December 31, 2024 a reclassification was made to present foreign currency loss separately from administrative expenses and present it as a separate line on the consolidated statements of profit or loss and other comprehensive income. Additionally, a reclassification was made to present certain administrative expenses as cost of sales to conform 2023 with the current year presentation of 2024.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at the bank and investments with high liquidity with original maturities less than 90 days, including a money market account which is not restricted from the standpoint of withdrawal or use.

For cash flow statement purposes, cash and cash equivalents include what is defined above, without the netting of outstanding bank overdrafts.

Financial Assets

The Company classifies its financial assets as financial assets at amortized cost, and there are no financial assets measured at fair value through profit and loss.

The Company's financial assets are comprised of accounts receivable and cash in the consolidated statements of financial position. These assets are typically non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. accounts receivable). They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

The Company recognizes an allowance for expected credit losses ("ECL") in accordance with IFRS 9, which is based on lifetime expected credit losses. For accounts receivable, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the accompanying consolidated statements of profit or loss and other comprehensive income. On confirmation that the accounts receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

A key factor in recognizing expected credit losses over the life of a financial asset or over the next twelve months, is the credit risk significant deterioration after initial recognition or not, compared to the corresponding credit risk at the initial recognition of the financial asset. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information. IFRS 9 makes a presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. However, this presumption can be rebut if there are reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days due.

Overall, as a result of the Company's customer-base, historical experience, and other reasonable and supportable information, the risk related to credit losses is immaterial to the Company's consolidated financial statements.

Financial Liabilities

The Company classifies its financial liabilities as financial liabilities at amortized cost, and there are no financial liabilities measured at fair value through profit or loss.

Financial liabilities include accounts payable and other payables, lines of credit, lease obligations, and loans payable. These items are initially recognized at fair value net of any transaction costs directly attributable to the issuance or generation of the payable. Interest bearing liabilities are subsequently measured at amortized costs using the effective interest method which ensures interest expense over the period of repayment is at a constant rate on the balance of the liability carried on the statements of financial position. Interest expense for interest bearing liabilities includes the amortization of the transaction costs along with the stated coupon on the note or line of credit while the liability is outstanding.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing the tangible assets and borrowing costs for long term construction assets if the recognition criteria are met, as well as any cost that can be directly attributed to bringing the item to the location and condition that is necessary for the item to operate in the manner intended by management. Expenditures for improvements and enhancements are capitalized while expenditures for maintenance and repairs are charged to expense when incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of tangible fixed assets as follows:

Tangible Fixed Assets:

Machinery	3 to 10 years
Buildings and fixtures	15 to 40 years
Furniture and fixtures	3 to 7 years
Transportation and equipment	3 to 7 years
Vehicle	

Depreciation of equipment under leases is provided over the shorter of the estimated useful life of the equipment or the term of the lease.

An item of tangible fixed assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of comprehensive income in the year the item is derecognized. The assets' residual values and useful lives are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Research and Development

Research expenses are expensed as incurred. Development expenditures incurred by individual project is capitalized if, and only if, the Company can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of development expenditures, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization over the period of expected future sales from the related project. The amortization expense is included within the cost of sales and administrative expenses line in the accompanying consolidated statements of profit or loss and other comprehensive income.

Research and development expenses of $6,005,807 and $7,287,006 were incurred during the years ended December 31, 2024 and 2023, respectively, and are included within cost of sales and administrative expenses in the accompanying consolidated statements of profit or loss and other comprehensive income.

The carrying value of capitalized development expenditures is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Intangible Assets

Intangible assets consist of intellectual property that is acquired individually or with groups of other assets and measured based on its fair value. Purchased software that is acquired individually and capitalized at cost, as well as internally developed software and related costs.

Subsequent to initial recognition, intangible assets are valued at cost less accumulated amortization and any impairment. Amortization of intangible assets is provided on a straight-line basis over the shorter of the estimated useful life of the asset or the term of the associated contract, which is typically 3 to 10 years. Residual values and useful lives are reviewed annually and adjusted prospectively.

Impairment of Non-Financial Assets

Non-financial assets (i.e., tangible fixed assets, intangible assets, and capitalized leased assets) are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable (i.e., the higher of value in use and fair value less costs to sell).

If the recoverable amount of an asset (or cash-generating unit, which is the lowest level for which separate identifiable cash inflows exist) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately. As of December 31, 2024 or 2023, no long-lived assets were impaired.

Inventory

Inventory is initially recognized at cost, and subsequently valued at the lower of cost or net realizable value. Costs of inventory include the purchase amount and other costs incurred in bringing each product to its present location and condition and is determined using the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In each reporting period, management examines the condition and age of inventory for slow-moving inventory or obsolescence, and provisions are made to reduce such items to estimated net realizable value, which are recognized in the accompanying consolidated statements of profit or loss and other comprehensive income.

Revenue Recognition

The Company accounts for a contract when both parties to the contract have approved the contract, the rights of the parties and payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied, in an amount representing the consideration to which the Company expects to receive.

Management services - The primary performance obligation for each of the Company's lottery contracts within this category is the provision and management of the lottery terminals and all related services, and is satisfied as the services are performed over the term of the contract. The Company accounts for this as a single performance obligation, as the individual services are not separately identifiable in the context of the contract and are a combined output; therefore all contractual revenue is allocated to this single performance obligation. The Company applies the series guidance under IFRS 15 and utilizes the output method and the right-to-invoice practical expedient, in which the amount recognized corresponds directly with its performance to date. The transaction price for the lottery services is a percentage of the amount of total sales of lottery tickets pursuant to the terms of the contract. While the amounts are variable in nature as the amount of retail sales volumes in a period are not pre-defined, there is no estimation or uncertainty included in the amount recognized.

Technology and support services - Certain contracts also contain provisions for customers to use lottery equipment for the duration of the contract. This revenue is generally recognized on a straight-line basis over the contract term at a fixed transaction price explicitly stated in the contract. Additionally, stand-alone equipment sales of hardware and software within this category are recognized at the point in time of delivery when the customer obtains control of the asset. Associated implementation services and support are recognized over a period of time as the performance obligation is satisfied. Revenue is recorded net of any variable consideration in the period incurred.

Fair Value Measurement

If required, the fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

Level 1 - Quoted prices in active markets for identical items (unadjusted);

Level 2 - Observable direct or indirect inputs other than Level 1 inputs; and

Level 3 - Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

Leases

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have an original lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term and are included within the cost of sales and administrative expenses line in the consolidated statements of profit or loss and other comprehensive income.

Foreign Currencies

Transactions in currencies other than United States dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing at the end of the reporting period. For the years ended December 31, 2024 and 2023, the Company recognized foreign exchange losses of $99,940 and $320,110, respectively, that are included in finance expenses, net in the consolidated statements of profit or loss and other comprehensive income.

Income Taxes

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for future tax benefits and credit carryforwards to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to offset such amounts in the same taxable entity and with the same taxing authority.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are incurred in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. There were no borrowing costs capitalized as part of the cost of the asset during the years presented.

Major Customer

During 2024 and 2023, the Company had three customers that accounted for 60.8% and 59.6% of total revenue, respectively. As of December 31, 2024 and 2023, two customers accounted for 46.1% and 46.2% of trade accounts receivable, respectively.

Advertising Cost

Advertising costs are expensed as incurred. Advertising costs totaled $1,017,057 and $2,425,225 for the years ended December 31, 2024 and 2023, respectively, and are included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

Non-Controlling Interest

The Company applies a policy of treating transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. For purchases of non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity and attributed to the equity holders of Intralot, Inc. Gains or losses on disposals of non-controlling interests are recorded in equity.

Self-Insurance

In October 2024, the Company has become self-insured for medical insurance provided to its employees. Self-insurance obligations are accrued on an undiscounted basis based on estimates for known claims and estimated IBNR claims. The estimates require management judgment and are developed utilizing standard actuarial methods and are based on historical claims experience and actuarial assumptions, including loss rate and loss development factors. Changes in assumptions such as loss rate and loss development factors, as well as changes in actual experience, could cause these estimates to change.

Investments

In March 2024 the Company made an equity investment of $3,000,000 in a privately owned entity operating in Ohio. The investment represents 10% ownership in Class B equity of the entity. The entity is in its early stage of operations and operates in the lottery and business industry. The goal of the entity is to create, innovate, enhance and promote lottery and gaming solutions as well as promote the Company's business in the state of Ohio.

The Company intends to hold the investment for the long term for strategic purposes; therefore, on initial recognition the Company made an irrevocable election to present subsequent changes in the investment's fair value in OCI.

As of December 31, 2024, due to the loss of the expected long term contract, the Company reassessed its fair value using unobservable inputs (Level 3) and reduced its fair value to zero and recorded the change in fair value of $2,252,966 net of tax of $747,043 (Note 22) in other comprehensive income within accompanying consolidated statements of profit and loss and other comprehensive income.

NOTE 3 - FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

Credit risk

Fair value or cash flow interest rate risk

Liquidity

The Company is exposed to risks that arise from its use of financial instruments. The following information describes the Company’s objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company’s exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated.

Principal Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are cash, accounts receivable, accounts and other payables, borrowings under lines of credit and loans payable, and lease liabilities.

Financial Instruments by Category:

Financial Assets	Financial Assets at Amortized Cost 2024		Financial Assets at Amortized Cost 2023	
Accounts receivables	$	33,188,458	$	28,437,061
Cash		34,615,085		38,138,089
Total financial assets	$	67,803,543	$	66,575,150

Financial Liabilities	Financial Liabilities at Amortized Cost 2024		Financial Liabilities at Amortized Cost 2023	
Accounts payables and other payables	$	20,703,632	$	18,643,469
Loans payable		200,721,628		216,803,566
Lease liabilities		17,203,122		14,832,748
Total financial liabilities	$	238,628,382	$	250,279,783

Due to their short-term nature, the carrying values of cash, accounts receivables and accounts payable and other payables approximate their fair value. For lease liabilities, the value is calculated as the present value of the sum of all future lease payments to be made over the lease term, which approximates the fair value. Due to market based floating interest rates, the carrying value of borrowings under lines of credit and loans payable approximates their fair value.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is the Company's policy to assess the credit risk of new customers before entering into contracts. Each new customer is analyzed individually for creditworthiness before payment and delivery terms and conditions are offered. Further disclosures regarding accounts receivables are provided in Note 9.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted. The Company has cash at various US banks of $34,615,085 and $38,138,089 at December 31, 2024 and 2023, respectively. The Company monitors the credit ratings of counter parties regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows related to financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to cash flow interest rate risk from long-term borrowings at a variable rate.

The Company manages interest rate risk through refinancing of long-term borrowings when considered appropriate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the Company's profit before tax is affected by the impact on floating rate, as follows:

	Change in Interest Rate	Effect On Profit Before Tax
2024	1%	1,933,000
2023	1%	2,169,000

Interest rates on certain of the Company's borrowings are based on a floating rate, which resets on a periodic basis. The Company is in the process of evaluating the effects of interest rate benchmark reform on its consolidated financial statements but does not believe such reform will have a material impact or significantly change the Company's risk management strategy.

Liquidity Risk

Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations and arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments.

The following provides the expected cash outflows of non-derivative financial liabilities by contractual maturity (representing undiscounted cash flows) at December 31, 2024 and 2023:

	December 31, 2024			
	Less Than 1 Year	1 to 2 Years	2 Years and Thereafter	Total
Accounts payable and other payables	$ 20,703,632	$ -	$ -	$ 20,703,632
Loans payable	24,227,459	176,494,169	-	200,721,628
Total	$ 44,931,091	$ 176,494,169	$ -	$ 221,425,260

	December 31, 2023			
	Less Than 1 Year	1 to 2 Years	2 Years and Thereafter	Total
Accounts payable and other payables	$ 18,643,469	$ -	$ -	$ 18,643,469
Loans payable	16,602,791	14,375,000	185,825,775	216,803,566
Total	$ 35,246,260	$ 14,375,000	$ 185,825,775	$ 235,447,035

The Company had a working capital surplus of $47,204,647 at December 31, 2024, various outstanding commitments (see Note 20), and comprehensive income of $(559,460) for the year then ended. The continuation of the Company's business is contingent upon, among other things, the ability to maintain satisfactory levels of future profitable operations and generating sufficient cash from operations to meet current and future obligations. Although there are no assurances, management believes the Company will be able to achieve these objectives, given its cash on hand combined with cash flow from continuing operations for at least, but not limited to, twelve months from the end of the reporting period, in addition to the open line of credit discussed in Note 12.

Capital Disclosures

The Company monitors capital which comprises all components of equity (i.e. share capital, non-controlling interest, and retained earnings).

The Company's objectives when maintaining capital are:

To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of return capital to shareholders, issue new shares, or sell assets to reduce debt.

NOTE 4 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management evaluates its judgments, estimates and assumptions that mainly refer to provisions from impairment of receivables, provision for impairment of inventories, impairment of tangible and intangible assets as well as estimation of their useful lives, recognition of revenue and expenses, pending legal cases, and provision for income tax and recoverability of deferred tax assets. These judgments, estimates and assumptions are based on historical experience and other factors including expectations of future events that are considered reasonable under the circumstances.

The key judgments, estimates and assumptions concerning the future and other key sources of uncertainty at the reporting date and have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in subsequent reporting periods are discussed throughout these notes to the consolidated financial statements.

NOTE 5 - TANGIBLE FIXED ASSETS, NET

The activity in tangible fixed assets is as follows:

	Machinery	Buildings and Fixtures	Furniture and Fixtures	Transportation Equipment	Total
Costs, December 31, 2022	$ 317,823,287	$ 11,257,948	$ 1,584,760	$ 889,466	$ 331,555,461
Additions	5,733,904	360,149	44,341	28,061	6,166,455
Disposals	-	-	-	-	-
Balance, December 31, 2023	323,557,191	11,618,097	1,629,101	917,527	337,721,916
Additions	9,155,704	293,489	102,547	87,692	9,639,432
Disposals	(219,143)	-	-	(54,375)	(273,518)
Balance, December 31, 2024	$ 332,493,752	$ 11,911,586	$ 1,731,648	$ 950,844	$ 347,087,830

Accumulated Depreciation

	Machinery	Buildings and Fixtures	Furniture and Fixtures	Transportation Equipment	Total
Costs, December 31, 2022	$247,716,801	$8,614,955	$1,427,580	$ 862,882	$258,622,218
Additions	20,275,195	339,834	78,376	9,084	20,702,489
Disposals	-	-	-	-	-
Balance, December 31, 2023	$267,991,996	$8,954,789	$1,505,956	$ 871,966	$279,324,707
Additions	20,000,390	378,344	58,234	21,368	20,458,336
Disposals	(219,143)	-	-	(54,375)	(273,518)
Balance, December 31, 2024	287,773,243	9,333,133	1,564,190	838,959	299,509,525
Tangible Fixed Assets, Net Balance, December 31, 2023	$ 55,565,195	$2,663,308	$ 123,145	$ 45,561	$ 58,397,209
Tangible Fixed Assets, Net Balance, December 31, 2024	$ 44,720,509	$2,578,453	$ 167,458	$ 111,885	$ 47,578,305

In 2024, depreciation expense associated with tangible fixed assets in the amount of $19,236,857 and $1,221,479 is included in cost of sales and administrative expenses, respectively, in the accompanying consolidated statements of profit or loss and other comprehensive income.

In 2023, depreciation expense associated with tangible fixed assets in the amount of $19,647,378 and $1,055,111 is included in cost of sales and administrative expenses, respectively, in the accompanying consolidated statements of profit or loss and other comprehensive income.

NOTE 6 - INTANGIBLE ASSETS, NET

The activity in intangible assets is as follows:

	Intangible Software Assets	Accumulated Amortization	Net Book Value
Balance, December 31, 2022	$ 144,525,386	$ 58,785,313	$ 85,740,073
Additions	10,272,667	16,126,998	(5,854,331)
Balance, December 31, 2023	154,798,053	74,912,311	79,885,742
Additions	9,742,698	17,706,657	(7,963,959)
Balance, December 31, 2024	$ 164,540,751	$ 92,618,968	$ 71,921,783

In 2024, amortization expense associated with intangible assets in the amount of $12,437,065 and $5,269,592 is included in cost of sales and administrative expenses, respectively, in the accompanying consolidated statements of profit or loss and other comprehensive income.

In 2023, amortization expense associated with intangible assets in the amount of $11,735,338 and $4,391,660 is included in cost of sales and administrative expenses, respectively, in the accompanying consolidated statements of profit or loss and other comprehensive income.

During the year ended December 31, 2024 and December 31, 2023, the total gross intangible software asset additions included internal developed intangible assets of $1,609,729 and $4,343,395, respectively.

NOTE 7 - OTHER LONG-TERM ASSETS

Other long-term assets at December 31, 2024 and 2023 is comprised of the following:

	2024	2023
Maintenance contracts	$ 204,531	$ 453,028
Deposits	2,964,229	1,292,717
Total other long-term assets	$ 3,168,760	$ 1,745,745

NOTE 8 - INVENTORY

A summary of inventory at December 31, 2024 and 2023 is as follows:

	2024	2023
Raw materials	$ 4,325,657	$ 6,263,473
Work-in-progress	3,327,168	2,877,263
Finished goods	2,109,163	2,062,193
Other lottery inventory (parts and paper)	12,931,687	10,871,222
Total inventory	$ 22,693,675	$ 22,074,151

For the year ended December 31, 2023 the Company had an inventory reserve of $5,915. The Company had no inventory reserve for the year ended December 31, 2024.

For the years ended December 31, 2024 and December 31, 2023, the amount of inventories recognized as expense was $11,460,595 and $5,655,640, respectively. These expenses are included in cost of sales in the accompanying consolidated statements of profit or loss and other comprehensive income.

Inventory includes lottery terminals which may take additional months to assemble; therefore, a portion of the Company's inventory may take more than one year to turn.

NOTE 9 - ACCOUNTS RECEIVABLE, NET

Accounts receivable at December 31, 2024 and 2023 comprised of the following:

	2024	2023	1-Jan-23
Accounts receivable - trade	$ 24,977,460	$ 18,745,732	$ 26,586,168
Accounts receivable - related parties	6,029,126	5,928,476	6,200,295
Contract assets	2,181,872	3,762,853	894,639
Total accounts receivable	$ 33,188,458	$ 28,437,061	$ 33,681,102

As of December 31, 2024 and 2023, the provision for doubtful accounts of $696,542 and $17,633, respectively, was determined using the expected credit loss model and included consideration of accounts receivable, net on the consolidated statements of financial position. For the years ended December 31, 2024 and December 31, 2023, the Company had bad debt expense and recovery of $702,452 and $122,039, respectively, included in administrative expenses in the accompanying consolidated statements of profit or loss and other comprehensive income (Note 15).

The aging analysis of these receivables at December 31, 2024 and 2023 is as follows:

	2024	2023
Up to 3 months	$ 25,588,087	$ 22,390,699
3 to 6 months	29,860	39,456
6 to 12 months	97,836	159,399
Over 12 months	7,472,676	5,847,507
	$ 33,188,458	$ 28,437,061

NOTE 10 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid and other current assets at December 31, 2024 and 2023 comprise of the following:

	2024	2023
Short-term portion of maintenance contracts	$ 683,041	$ 265,229
Prepaid insurance	2,107,765	1,238,763
Income tax receivables	1,389,780	1,079,036
Other	2,892,448	3,548,610
Total prepaid expenses and other current assets	$ 7,073,034	$ 6,131,638

NOTE 11 - ACCOUNTS PAYABLE AND OTHER PAYABLES

Accounts payable and other payables at December 31, 2024 and 2023 were comprised of the following:

	2024	2023
Accounts payable - trade	$ 13,132,015	$ 9,315,260
Accounts payable - related parties	2,380,317	2,054,165
Other accrued liabilities	3,883,553	4,766,633
Accrued liabilities - related parties	457,730	-
Contract liabilities	846,832	2,507,411
Deferred tax liabilities	3,184	-
Total accounts payable and other payables	$ 20,703,632	$ 18,643,469

NOTE 12 - LOANS PAYABLE

KeyBank Credit and Security Agreement

On July 28, 2022, the Company entered into a Credit and Security Agreement with KeyBank National Association, as administrative agent, for a three year Term Loan of $230,000,000 plus a committed Revolving Credit Facility (RCF) of $50,000,000 (collectively, the "KeyBank Loan"). On March 18, 2024 the Company signed an amendment to its existing Term Loan agreement extending the maturity of the Term Loan to 2026. The Company paid $810,392 in debt issuance fees, which is included in non-current liabilities in the accompanying consolidated statements of financial position.

As of December 31, 2024 and 2023 the outstanding principal balance of the Term Loan was $201,250,000 and $215,625,000, including accrued interest of $1,227,459 and $1,330,657, respectively. Accrued interest amounts are included within current portion of loans payable in the accompanying consolidated balance sheets. The Company recognized interest expense related to the Term Loan of $17,771,869 and $18,742,619, debt amortization expense of $1,201,815 and $1,412,820, and facility fees of $152,083 and $138,407, during the years ending December 31, 2024 and 2023, respectively which are included in finance expenses, net in the accompanying consolidated statements of profit or loss and other comprehensive income.

The interest rate at December 31, 2024 on the Term Loan was 7.624%, representing the sum of a base rate of 5.345% and a margin spread adjustment of 2.279%. The interest rate at December 31, 2023 on the Term Loan was 8.445%, representing the sum of a base rate of 5.345% and a margin spread adjustment of 3.100%%.

As part of the KeyBank Loan, the Company incurred $4,973,344 of debt issuance and transaction costs that were capitalized on the balance sheet and reflected as a reduction to debt. The issuance costs are amortized over the life of the loan using the effective interest method. and are included in finance expenses, net in the accompanying consolidated statements of profit or loss and other comprehensive income. As of December 31, 2024 and 2023 unamortized issuance costs were $1,755,832 and $2,286,049, respectively.

As part of the KeyBank Loan terms, the Company has pledged as collateral all of its existing and future personal property, investment property, instruments, contract rights, goods, chattel paper, documents, supporting obligations, letter-of-credit rights, all interests in its subsidiary entities, intangibles, inventory and equipment, and all cash and cash equivalents.

NOTE 13 - LEASES

The composition of right-of-use assets in the consolidated statement of financial position is as follows:

	Land and Buildings	Transportation Equipment	Machinery and Equipment	Total
Balance, December 31, 2022	$ 8,975,998	$ 3,520,825	$ 1,812,244	$ 14,309,067
Additions	1,124,157	4,650,328	-	5,774,485
Depreciation	(1,390,476)	(2,236,711)	(157,047)	(3,784,234)
Balance, December 31, 2023	8,709,679	5,934,442	1,655,197	16,299,318
Additions	498,608	7,064,082	-	7,562,690
Depreciation	(1,815,500)	(3,946,951)	(113,476)	(5,875,927)
Balance, December 31, 2024	$ 7,392,787	$ 9,051,573	$ 1,541,721	$ 17,986,081

In 2024 and 2023, interest expense associated with lease liabilities in the amount of $636,977 and $680,754, respectively, is included in finance expenses, net in the accompanying consolidated statement of comprehensive income. Expenses related to short-term leases and low value assets during 2024 and 2023 were $(541,774) and $(84,841), respectively, and are included in administrative expenses in the accompanying consolidated statements of profit or loss and other comprehensive income.

The maturity analysis for all future minimum payments (representing the undiscounted cash outflows) related to the Company's lease obligations are as follows:

Fiscal year ended December 31,	
2025	$ 5,434,514
2026	4,671,269
2027	4,461,111
2028	509,156
2029 and thereafter	2,127,073
Total	$ 17,203,122

NOTE 14 - REVENUES

Contract Balances

Contract assets (unbilled revenue) relate to performance obligations where control has transferred to the customer in advance of scheduled billings. Contract liabilities (deferred revenue) relate to performance obligations where consideration has been received in advance of control being transferred to the customer.

Contract assets and liabilities for the years ended December 31, 2024 and 2023 consisted of the following:

	2024	2023	1-Jan-23
Contract assets	$ 2,181,872	$ 3,762,853	$ 894,639
Contract liabilities	846,832	2,507,411	451,221

During the year ended December 31, 2024, the Company recognized as revenue the full amount of the beginning contract liability balance.

Revenues for the years ended December 31, 2024 and 2023 comprise the following:

	2024	2023
Management services revenue	$ 180,172,422	$ 177,595,881
Technology and support services revenue	31,158,548	26,810,664
Total revenues	$ 211,330,970	$ 204,406,545

NOTE 15 – ADMINISTRATIVE AND SELLING AND DISTRIBUTION EXPENSES

The following provides additional information on the nature of expense included in administrative and selling and distribution expenses in the accompanying consolidated statements of profit or loss and other comprehensive income:

	2024	2023
Personnel expenses	$ 15,616,803	$ 16,897,785
Depreciation and amortization expenses	6,993,169	5,902,917
Systems expenses	1,572,556	1,360,295
Insurance expenses	1,920,545	1,381,096
Travel and entertainment	1,581,375	1,241,881
Audit and other third-party fees	6,347,348	5,848,625
Bad debt expense/(recovery)	702,452	(122,039)
Other expenses	3,477,164	3,389,065
Settlement accrual (Note 20)	5,000,000	-
Total administrative expenses	$ 43,211,412	$ 35,899,625
Selling and distribution expenses	$ 3,969,603	$ 4,115,869
Total operating expenses	$ 47,181,015	$ 40,015,494

NOTE 16 - FINANCE EXPENSES, NET

Finance expenses, net consisted of the following:

	2024	2023
Finance expenses on KeyBank Loan	$ 19,125,767	$ 20,293,845
Interest on lease liabilities	636,977	680,754
Interest on other loans payable	8,645	20,737
Interest income	(963,865)	(748,228)
Total finance expenses	$ 18,807,524	$ 20,247,108

NOTE 17 - COST OF SALES AND EMPLOYEE BENEFIT EXPENSES

Cost of sales comprise the following:

Cost of Sales	2024	2023
Merchandise and paper	$ 22,845,926	$ 17,057,049
Personnel and payroll	36,746,050	39,083,315
Systems and other cost of sales	44,215,057	41,088,282
Depreciation and amortization	37,048,605	34,710,804
Total cost of sales	$ 140,855,638	$ 131,939,450

Employee benefit expenses comprise:

	2024	2023
Wages and salaries	$ 46,639,984	$ 47,139,127
Defined Contribution pension cost	1,877,551	2,010,840
Other employee benefits	5,500,802	8,441,287
Social Security contribution and similar taxes	4,123,310	4,153,667
Total employee benefit expenses	$ 58,141,647	$ 61,744,921

Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company. The following table comprises the amounts provided to key management personnel for the years ended December 31, 2024 and 2023, and are included in personnel and payroll expenses.

	2024	2023
Salary	$ 4,570,510	$ 3,438,602
Other long-term benefits	309,586	351,679
Total key management personnel compensation	$ 4,880,096	$ 3,790,281

NOTE 18 - SHARE CAPITAL

As of December 31, 2024, there were 5,000,000 Ordinary Voting Class A Shares authorized and 2,551,380 issued and outstanding. Also, as of December 31, 2024, there were 3,000,000 Class A Non-Voting Preferred Shares authorized and no shares issued or outstanding.

As of December 31, 2023, there were 5,000,000 Ordinary Voting Class A Shares authorized and 2,551,380 issued and outstanding. Also, as of December 31, 2023, there were 3,000,000 Class A Non-Voting Preferred Shares authorized and no shares issued or outstanding.

The Ordinary Voting Class A Shares have no par value.

On January 21, 2025, the Board of Directors of the Company authorized a cash dividend payable to the sole shareholder of $3,000,000, and on February 7, 2025, the dividend payment was executed.

NOTE 19 - RELATED-PARTY TRANSACTIONS

The Company's related party transactions are primarily with the Company's Parent and sister entities that are wholly owned by the Parent. These transactions are generally for operational items, including equipment and lottery parts, among others. As of December 31, 2024 and 2023, the following related party items are presented on the consolidated financial statements:

	2024					
	ICL	**ISA**	**US BV**	**VSC**	**Intralot Intl**	**Intralot Adriatic**
Consolidated Statements of Financial Position						
Accounts receivable, net	$ 600,841	$ -	$ 736,863	$ 4,691,422	$ -	$ -
Accounts payable and other payables	288,541	2,380,317	-	-	169,189	-
Loans payable, less current installments	-	-	-	-	-	-

	2023					
	ICL	**ISA**	**US BV**	**VSC**	**Intralot Intl**	**Intralot Adriatic**
Consolidated Statements of Financial Position						
Accounts receivable, net	$ 600,841	$ -	$ 736,863	$ 4,590,772	$ -	$ -
Accounts payable and other payables	-	2,054,165	-	-	-	-
Loans payable, less current installments	1,236,824	-	-	-	-	-
Current portion of loans payable						

NOTE 20 - COMMITMENTS AND CONTINGENCIES

Commitments

During December 2007, the Company entered into a contract with an independent third party to purchase various equipment, services and training. The contract is guaranteed by ISA. At a minimum, the Company is required to make the following payments over the remaining life of the contract:

Future Commitments	2024
2025	$ 2,131,869
2026	-
Total	$ 2,131,869

Service Contract Arrangements

Service contracts and lottery systems generally provide for substantial related services such as software, maintenance, training, marketing, computer operators and certain operating supplies. The service contracts generally cover the life of the gaming contract. These contracts create future liability for the Company to provide those future services and incur certain costs, which are considered as part of the pricing of revenue contracts upon inception.

Legal Actions

The Company from time to time may be a defendant in legal actions generally incidental to its business. The Company reviews the status of each significant legal case on a periodic basis and assesses the potential risk, based partly on the view of legal department. If the potential loss from any litigation and legal matters is considered probable and the amount can be reliably estimated, the Company recognizes a liability for the estimated loss. In order to determine the probability and whether the risk can be estimated reliably, a considerable degree of judgment of management is required. When additional information becomes available, the Company reassesses the potential liability related to pending litigation and legal proceedings, and estimates for the probability of an unfavorable outcome and an assessment of potential loss may be revised. Such revisions in the estimates of the potential liability could have a material effect on the financial position and income statement of the Company. Although it is difficult to predict the ultimate outcome of any potential or threatened litigation, management believes that any ultimate liability will not materially affect the financial position and results of operations of the Company.

On January 14, 2025, the Company announced that its U.S. subsidiary “Intralot, Inc.” signed on January 10, 2025, a settlement agreement with the District of Washington DC, by and through its Office of the Attorney General, to settle a civil matter. The issue related to the 2019 lottery games contract in that district, and specifically to the percentage of works subcontracted to local businesses. Although “Intralot, Inc.” expressly denies any admission of liability, the settlement includes payment of $5,000,000. The settlement is intended to avoid prolonged litigation and significant legal expenses. With the settlement agreed upon, the contracts and operations of the group are not affected.

Because these claims existed as of December 31, 2024, the Company accrued the settlement amount of $5,000,000, which is included in accounts payable and other payables within Note 11 in the accompanying consolidated statement of financial position, with the corresponding expense amount included in other expenses within administrative expenses within Note 15 in the accompanying consolidated statements of profit and loss and comprehensive income.

NOTE 21 - EMPLOYEE BENEFIT PLAN

The Company has a salary deferral profit sharing plan (“the Plan”) under Section 401(k) of the Internal Revenue Code covering substantially all full-time employees. The Plan calls for a matching contribution of up to 6% of employee compensation and an additional discretionary contribution as approved by the Board of Directors. The Company incurred expenses of $1,877,551 and $2,010,840 related to the Plan in 2024 and 2023, respectively, which is included in cost of sales and administrative expenses within the accompanying consolidated statements of profit or loss and other comprehensive income.

NOTE 22 - INCOME TAXES

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory income tax rate to the loss before income taxes as follows:

	2024	2023
Current tax expense (benefit)		
Current tax on profits for the year	$ 2,581,052	$ 211,281
Deferred tax expense		
Deferred tax expense	$ 59,802	$ 2,551,526
Total tax expense	$ 2,640,854	$ 2,762,807

	2024	2023
Income before income taxes	$ 4,386,853	$ 11,884,383
Statutory United States corporate income tax rate	21%	21%
Anticipated tax payment	921,239	2,495,720
State tax liability	531,966	432,193
Provision to tax return differences	(69,963)	(260,383)
Permanent differences	1,408,976	1,179,188
Prior period deferred tax true-up	(288,687)	524,925
Tax refund receivable	-	(1,334,274)
Research and development credit generated	(300,000)	(300,000)
Foreign income tax expense	106,946	120,860
Other, net	330,377	(95,422)
Net total income tax expense	$ 2,640,854	$ 2,762,807

The components of the Company's deferred tax assets related to deductible temporary differences, unused tax losses and unused tax credits are as follows:

	2024	2023
Accruals and reserves	$ 6,545,167	$ 6,453,462
Net operating losses carried forward	800,010	6,449,784
Deferred tax liabilities	(15,997,339)	(23,027,549)
R&D and other tax credits	3,642,935	4,442,165
Deferred tax liabilities, net	$ (5,009,227)	$ (5,682,138)
Deferred liability on consolidated statements of financial position	$ (5,009,227)	$ (5,682,138)

As of December 31, 2024, the Company's unrecognized net operating loss carryforwards expire as follows:

	NOL Amount
No Expiration	$ 1,744,365
	$ 1,744,365

Net operating loss ("NOL") carryforwards and tax credits are subjected to review, and potential adjustment, by tax authorities. The Company's other deferred tax assets have no expiration period.

As of December 31, 2024, the Company had a deferred tax liability of $5,009,227 included in the accompanying consolidated statements of financial position within accounts payable and other payables.

NOTE 23 - NON-CONTROLLING INTEREST

DC09 is a 49% owned subsidiary of the Company that has non-controlling interest ("NCI"). There are no significant statutory, contractual, or regulatory restrictions held by the NCI holders that limit the ability of the Company to access or use assets or settle liabilities. During May 2020, the Company entered into a Collateral Agreement with the minority owner of DC09. This agreement transferred $3,600,000 of the loan between Intralot, Inc. and DC09 to the minority owner. The assumption of the loan payable was treated as a contribution of capital by the minority owner and is reflected in the accumulated deficit within summarized financial information for DC09 below. Beginning in January 2023, management started accounting for DC Lottery related revenue and associated costs of sales in Intralot Inc. which had been previously recorded in DC09; therefore no revenue and cost of sales were reported in DC09. Summarized financial information in relation to DC09, before intragroup eliminations, is presented below together with amounts attributable to NCI.

	December 31, 2024	
	2024	2023
Non-current assets	$ 2,508,309	$ 3,514,813
Current assets	3,946,101	3,946,101
Non-current liabilities	(19,878,136)	(18,763,659)
Current Liabilities	(143,704)	(143,702)
Net assets	**$ (13,567,430)**	**$ (11,446,447)**
Accumulated non-controlling interest	$ (5,154,229)	$ (4,072,528)

For the years ending December 31, 2024 and 2023, DC09 had a total comprehensive loss of $2,120,983 and $2,171,247, respectively. Net loss attributable to NCI for the years ended December 31, 2024 and 2023 was $1,081,701 and $1,107,336, respectively.

NOTE 24 - EVENTS AFTER THE REPORTING PERIOD

In accordance with authoritative guidance, the Company evaluated all events or transactions that occurred after December 31, 2024 through April 17, 2025, the date these consolidated financial statements were available to be issued and determined that other than events disclosed in Note 18, no events or transactions would require either recognition or disclosure.